

OFFICE OF SMALL BUSINESS DEVELOPMENT CENTERS
INDIRECT COST RATE AGREEMENT (Frequently Asked Questions)

Q. Under what authority gives Project Officers the right to approved rate agreements?

A. When the recipient/sub recipient has indirect costs in their budget proposal, the SBA Project Officer is authorized under 13 CFR 130.460(C) to issue a rate agreement to the SBDC recipient/sub recipient that does not have a rate agreement established by a cognizant Federal agency.

Q. How will I know whether the recipient/sub recipient has or does not have a cognizant Federal agency?

A. Most recipient/sub recipients are not aware of the host institution's current status with a cognizant agency. Therefore, they must first contact their grant/fiscal department to verify the cognizant Federal agency responsible for negotiating and approving F&A rates. The recipient must notify the project officer by email of their findings. If a cognizant agency does not exist, only then may the project officer proceed to issue an ICR.

Q. Can a recipient/sub recipient use the OSBDC Indirect Cost Rate Agreement (ICRA) for other Federal programs?

A. No. the ICRA is only for the SBDC program.

Q. Can a sub recipient contact the SBA for an ICRA?

A. No. the Lead Center must contact the SBA Project Officer to request an ICRA for a sub recipient.

Q. Can a recipient prepare the SBA indirect cost rate agreement for their sub recipient?

A. No. the ICRA document is prepared only by an SBA employee for the SBDC program.

Q. Is it improper for the SBA Project Officer to communicate directly to a sub recipient in order to establish an indirect rate agreement?

A. No. the SBA will prepare the ICRA and send it directly to the sub recipient. Because the agreement is now between SBA and sub recipient, it is the only time when the SBA will go-between recipient/sub recipient relations. The project officer's transmittal letter or email will provide a "carbon copy" (cc) to the SBDC State/Regional Director, SBA District Director, SBA Program Manager and SBA Grants Management Specialist.

Q. Can a recipient/sub recipient request a rate higher than 24 percent?

A. No. The ICRA is standard and should not be altered. If the institution requests a rate higher than 24%, they will need to contact the Federal Agency assigned by default, Department of Health and Human Services (HHS). See the Office of Management and Budget Omni-Circular: Title 2, Code Of Federal Regulations, Appendix III, Part 200 —Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), Section C (9).

Q. What do I put for the effective period?

A. It is suggested to make the effective period for 36-months. It saves you from updating agreements each renewal period.

Q. When is an ICRA considered not current?

A. A rate agreement is not current when it has expired for more than one-year past the continuation award budget period.

Q. If an ICRA is no longer current, what should the Project Officer do?

A. If a rate agreement has expired for more than one-year past the continuation award budget period, the project officer should contact the recipient to request a copy of a current rate agreement.

Q. If an ICRA is no longer current, what should the recipient/sub recipient do?

A. Contact your cognizant agency. See the OMB Omni-Circular: 2 CFR, Appendix III, Part 200.414§ (f) "Any non-Federal entity that has a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rates for a period of up to four years. This extension will be subject to the review and approval of the cognizant agency for indirect costs. If an extension is granted the non-Federal entity may not request a rate review until the extension period ends. At the end of the 4-year extension, the non-Federal entity must re-apply to negotiate a rate."

Q. When can a recipient/sub recipient elect to charge a de minimis rate of 10%?

A. See the OMB Omni-Circular: 2 CFR, Appendix III, Part 200.414§ (g) "...any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph (d)(1)(B) may elect to charge a de minimis rate of) 10% of modified total direct costs (MTDC) which may be used indefinitely... If chosen, this methodology once elected must be used consistently for all Federal awards

until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.”

- Q. What evidence can a recipient provide to the SBA indicating they have requested a new rate from their cognizant agency?**
- A. The recipient/sub recipient should provide evidence such as (1) an email from the Host Institution, or (2) a copy of their letter requesting ICRA updates from their audit agency or (3) a written notice from their cognizant federal agency reporting the current status of the rate agreement.**
- Q. If the recipient/sub recipient later determines to have a cognizant Federal agency, what happens to the rate agreement approved for the SBDC program?**
- A. A cognizant Federal agency approved indirect cost rate will overrule the SBA ICRA and the recipient/sub recipient must provide a copy of the agreement to the SBA and the new rate will then apply to the SBDC Program as soon as it becomes effective.**
- Q. How is the approved ICRA incorporated into the Cooperative Agreement?**
- A. The recipient's application/proposal (including supporting documents-- e.g., ICR) is incorporated by reference and made part of the continuation award or modification agreement.**